

**MEMORANDUM
COUNTY OF PLACER
ADMINISTRATIVE SERVICES DEPARTMENT
PROCUREMENT SERVICES DIVISION**

TO: Honorable Board of Supervisors
FROM: Brett Wood, Purchasing Manager *BW*
DATE: October 9, 2012
SUBJECT: Compressed Natural Gas as a Motor Vehicle Fuel - Southwest Gas Corporation

ACTION REQUESTED

1. Approve the annual renewal of a sole source blanket purchase order (BPO) with Southwest Gas Corporation of Carson City, NV for the purchase of compressed natural gas (CNG) as a motor vehicle fuel in the maximum amount of \$170,000, funded by revenues collected from Fleet rate and direct charge customers with no net County cost for the period of October 1, 2012 through September 30, 2013, and authorize the Purchasing Manager to sign the resulting BPO.

BACKGROUND

The Department of Public Works (DPW) purchases CNG from Southwest Gas Corporation for its fueling station at the Cabin Creek Road Facility in Truckee. This fueling station is used to refuel the County's fleet of natural gas transit buses in the area. Southwest Gas Corporation is the only service provider for natural gas in the Truckee/North Lake Tahoe region. Section 1.3(l) of the Purchasing Policy Manual allows for an exception to the competitive process if a product can only be purchased from one supplier. The department's current BPO expires on September 30, 2012.

The contract pricing fluctuates with current market conditions and is based upon the California Public Utilities Commission (CPUC) Statement of Rates and the Rate Schedule GS-50/GN-50/SLT-50. Some of the elements of the sales rate include the base cost of CNG, Southwest's margin of \$0.07287 per therm as well as other related charges and surcharges imposed by CPUC.

FISCAL IMPACT

Effective September 1, 2012, the summer (June through September) sales rate for CNG service for motor vehicles is \$0.48109 per therm, which represents a decrease of \$0.24529 per therm from a year ago. The winter (October through May) sales rate for CNG service for motor vehicles is \$0.51228 per therm, which represents a decrease of \$0.2453 per therm from a year ago. The BPO resulting from this recommendation will be awarded to Southwest Gas Corporation in the maximum amount of \$170,000 for the period of October 1, 2012, through September 30, 2013. DPW's Fiscal Impact Statement is attached.

Attachment: DPW Fleet Services' Fiscal Impact Statement

cc: Cynthia Taylor, Public Works Senior Administrative Services Officer
Chuck Gordon, Public Works Manager-Fleet Operations

MEMORANDUM

DEPARTMENT OF PUBLIC WORKS
County of Placer

TO: Honorable Board of Supervisors

FROM: Ken Grehm, Director

DATE: October 9, 2012

SUBJECT: **Fiscal Impact Statement**
RQ055440, Renew BPO with Southwest Gas for CNG Fuel, Truckee

Approve the annual renewal of BPO19113 for Southwest Gas (CNG Fuel) in the amount of \$170,000, funded by revenue collected from Fleet rate customers and Fleet direct charge customers with no net county cost, for the period of FY 2012-13.